

U.S. Department of Education

2012 Fall Webinar Training Series

Clock Hour Programs:

Issues in Administering Title IV
Programs in a Clock Hour
Environment





Title IV and Clock Hours

What is a Clock Hour?

- A 60 minute period of time that contains 50 to 60 minutes of:
 - Class, lecture, recitation
 - Faculty-supervised laboratory, shop training or internship

Reference: 34 CFR 600.2

When Must A Program Be Measured In Clock Hours?

- Regulations require clock hour measurement for Title IV if:
 1. School's accrediting agency requires it;
 2. School must measure student progress in clock hours when receiving federal or state approval or licensure to offer the program; OR
 3. Completion of clock hours is a requirement for graduates to apply for licensure or the authorization to practice the occupation that the student is intending to practice

Eligible Program

1. Degree program
 - At proprietary school must lead to gainful employment
2. Certificate/diploma program that leads to gainful employment in recognized occupation
 - Must contain at least 600 clock hours over a minimum of 15 weeks of instruction OR
 - Must contain at least 300 clock hours over a minimum of 10 weeks of instruction and admit as regular students only persons who have completed the equivalent of an associate degree

Eligible Program

3. For Direct Loan only, a program may qualify with 300 clock hours over 10 weeks of instruction
 - Must meet 70% completion and 70% placement requirements



Enrollment Status

- Full-time is at least 24 scheduled clock hours per week
- Half-time is at least 12 scheduled clock hours per week

Academic Year

- Must contain a minimum of 900 clock hours over at least 26 weeks of instruction
- A week is a consecutive 7 day period containing at least 1 day of regularly scheduled instruction or examination
- Must be the same definition for all Title IV programs for all students in a given program of study

Academic Year Example

- 600 clock hour / 20 week program
- Academic year options
 - 900 clock hours / 26 weeks
 - 900 clock hours / 30 weeks

Academic Year Example

- 1050 clock hour / 35 week program
- Academic year options
 - 900 clock hours / 26 weeks
 - 900 clock hours / 30 weeks
 - 1050 clock hours / 35 weeks



Academic Year Example

- 2000 clock hour / 80 weeks
- Academic year options
 - 900 clock hours / 26 weeks
 - 900 clock hours / 36 weeks
 - 1000 clock hours / 40 weeks

Payment Periods

Programs less than one academic year

- Program is divided into two equal payment periods
 - PP 1 = Half of clock hours and half of weeks in program
 - PP 2 = Remaining half of clock hours and weeks in program

Payment Periods

Program equal to one academic year or multiple academic years

- Academic year is divided into two equal payment periods
 - PP 1 = Half of clock hours and half of weeks in academic year
 - PP 2 = Remaining half of clock hours and weeks in academic year
 - Subsequent PP – same as above

Payment Periods

- *If program longer than one academic year with remainder more than half of academic year*
 - Remainder is divided into 2 equal payment periods, each being half of clock hours and weeks in remainder
- *If program longer than academic year with remainder less than or equal to half of academic year*
 - Remainder is one payment period



Payment Period Example

- 600 clock hour/20 week program
- 900 clock hour/26 week academic year
 - PP 1 – Clock hours 1 to 300 and 10 weeks elapse
 - PP 2 – Remainder of clock hours and weeks in program (300 hours/10 weeks)

Payment Period Example

- 1050 clock hour / 35 week program
- 900 clock hour / 26 week academic year
 - PP 1 – Clock hours 1 to 450 and 13 weeks elapse
 - PP 2 – Clock hours 451 to 900 over a period of 13 weeks and 26 total weeks have elapsed
 - PP 3 – Remainder of program - clock hours 901 to 1050 and remainder of weeks (9 weeks)

Payment Period Example

- 1050 clock hour / 35 week program
- 1050 clock hour / 35 week academic year
 - PP 1 – Clock hours 1 to 525 and 17.5 weeks elapse
 - PP 2 – Clock hours 526 to 1050 over a period of 17.5 weeks and 35 total weeks have elapsed

Payment Period Example

- 1200 clock hour / 35 week program
- 900 clock hour / 26 week academic year
 - PP 1 – Clock hours 1 to 450 and 13 weeks elapse
 - PP 2 – Clock hours 451 to 900 over a period of 13 weeks and 26 total weeks have elapsed
 - PP 3 – Remainder of program - clock hours 901 to 1200 and remainder of weeks (9 weeks)

Payment Period Example

- 1500 clock hour / 50 week program
- 900 clock hour / 30 week academic year
 - PP 1 – Clock hours 1 to 450 and 15 weeks elapse
 - PP 2 – Clock hours 451 to 900 over a period of 15 weeks and 30 total weeks have elapsed
 - PP 3 – Clock hours 901 to 1200 over a period of 10 weeks and 40 total weeks have elapsed
 - PP 4 – Remainder of program - clock hours 1201 to 1500 and remainder of weeks (10 weeks)



Crossover Payment Period

- Payment period that includes both June 30 and July 1

Crossover Payment Period

1500 Clock-Hour/50 Week Program
900 Clock-Hour/30 Week AYD

450 hrs/15 wks

2011-12

450 hrs/15 wks
6/30 and 07/01

????

450 hrs/15 wks

2012-13

Crossover Payment Period

1500 Clock-Hour/50 Week Program
900 Clock-Hour/30 Week AYD

450 hrs/15 wks

450 hrs/15 wks

300 hrs/10 wks

300 hrs/10 wks
06/30 & 07/01

No Pell Funds
Available

2012-13

2011-12

Crossover Payment Period

1500 Clock-Hour/50 Week Program
900 Clock-Hour/30 Week AYD

450 hrs/15 wks

450 hrs/15 wks

300 hrs/10 wks
06/30 & 07/01

300 hrs/10 wks

2011-12

2012-13




What is a Title IV disbursement?

- When institution credits student's tuition account or pays student directly with Title IV funds-
- Received from Secretary
- Institutional funds used in advance of receiving Title IV program funds

Title IV Disbursements

- Must disburse funds by payment period (except FWS)
- Student must successfully complete all clock hours AND weeks must elapse in a payment period before next payment period begins



Federal Pell Grant and Clock Hours

Pell Calculation

- Must use Formula 4
- Always use full-time payment schedule
- Annual award = Scheduled Award
- Always use cost of attendance for a full-time student to attend a full academic year
- If student attending less than half-time, cost of attendance components are limited

Pell Calculation – Formula 4

Multiply annual award times lesser of:

$$\frac{\text{Clock hours in payment period}}{\text{Clock hours in program's definition of academic year}}$$

or

$$\frac{\text{Weeks of instructional time in payment period}}{\text{Weeks of instructional time in program's definition of academic year}}$$



Pell Disbursement Example

- 600 clock hour/20 week program
 - 2 payment periods of 300 hours and 10 weeks each
 - Student must complete 300 hours and 10 weeks must elapse before second disbursement may be made

Pell Disbursement Example

- 900 hour / 30 week program
 - 2 payment periods of 450 hours and 15 weeks each
- Student completes 450 hours in 12 weeks
- No second disbursement may be made until 15 weeks have elapsed

Pell Disbursement Example

- 1050 hour / 35 week program
 - PP 1 – Clock hours 1 to 450 and 13 weeks elapse
 - PP 2 – Clock hours 451 to 900 over a period of 13 weeks and 26 total weeks have elapsed
 - PP 3 – Remainder of program - clock hours 901 to 1050 and remainder of weeks (9 weeks)



Direct Loans & Clock Hours

Annual Loan Limits

Dependent Students (excluding students whose parents cannot borrow PLUS)	Base Amount Sub/Unsub (no changes)	Additional Unsubsidized Loan Amount	
		Loans first disbursed before July 1, 2008	Loans first disbursed on or after July 1, 2008
First-year undergraduate	\$3,500	0	\$2,000
Second-year undergraduate	\$4,500	0	\$2,000
Third-year and beyond undergraduate	\$5,500	0	\$2,000

Annual Loan Limits

Independent Students (and dependent students whose parents cannot borrow PLUS)	Base Amount Sub/Unsub) (no changes)	Additional Unsubsidized Loan Amount	
		Loans first disbursed before July 1, 2008	Loans first disbursed on or after July 1, 2008
First-year undergraduate	\$3,500	\$4,000	\$6,000
Second-year undergraduate	\$4,500	\$4,000	\$6,000
Third-year and beyond undergraduate	\$5,500	\$5,000	\$7,000

Loan Proration

- Proration of annual loan limit is required if
 - Entire program is less than one academic year
 - 600 clock hour program

OR

- Entire program is longer than one academic year and student has final period of study that is less than one academic year
 - 1200 clock hour program

The Loan Period

- DL Program - operative time period is loan period
 - Loan period is time period which DL funds intended
- In COD, loan period referred by other terms:
 - Common Record Tags
 - Financial Award Begin Date
 - Financial Award End Date
 - COD Award Detail Information Screen
 - Award Start Date
 - Award End Date

The Loan Period

- The loan period determines what cost of attendance (COA) is used for determining loan eligibility
- The loan period determines what expected family contribution (EFC) is used for determining loan eligibility



Minimum Allowable Loan Period

Minimum is the lesser of:

- Program's defined academic year (AY) for Title IV purposes
 - Often 26 weeks of instructional time and 900 clock hours but may more than these minimums
- The length of the program when the program is one AY or less
- The remaining portion of a program when the remaining portion is less than one AY



Maximum Allowable Loan Period

Maximum loan period:

- Often the maximum is the defined AY
 - May be the entire program if the program is longer than the AY
- The maximum is the length of the program when the program is less than the AY



BBAY For Loans

- Clock hour programs must use Borrower Based Academic Year (BBAY)
 - Use BBAY 3 - See 12/13 FSA HDBK Vol. 3, page 3-98
- The BBAY establishes the year for annual loan limit purposes
 - Answers the question, “When can the student borrow again?”



BBAY Provisions

- Floats with student's enrollment
- Must meet at least the minimum requirements for a Title IV defined AY
 - 900 clock hours
 - 26 weeks of instruction
- Total of all loans received during BBAY must not exceed annual loan limit

BBAY Provisions

- Student becomes eligible for new annual loan limit **ONLY** after successfully completing the number of clock hours **AND** the number of weeks in the BBAY
- Student may not advance to the next grade level (thereby raising loan limit) in the middle of a BBAY

BBAY – Clock-Hour Program

1200 Clock-Hour/32 Week Program
900 Clock-Hour/26 Week AYD

450 hrs/13 wks

450 hrs/13 wks

300 hrs/6 wks

1st BBAY

\$5,500 annual loan limit

2nd BBAY

\$6,500 annual
loan limit*

*Must prorate annual loan limit for final period
less than an academic year

$\$4,500 \times 300 / 900 = \$1,500$ Sub

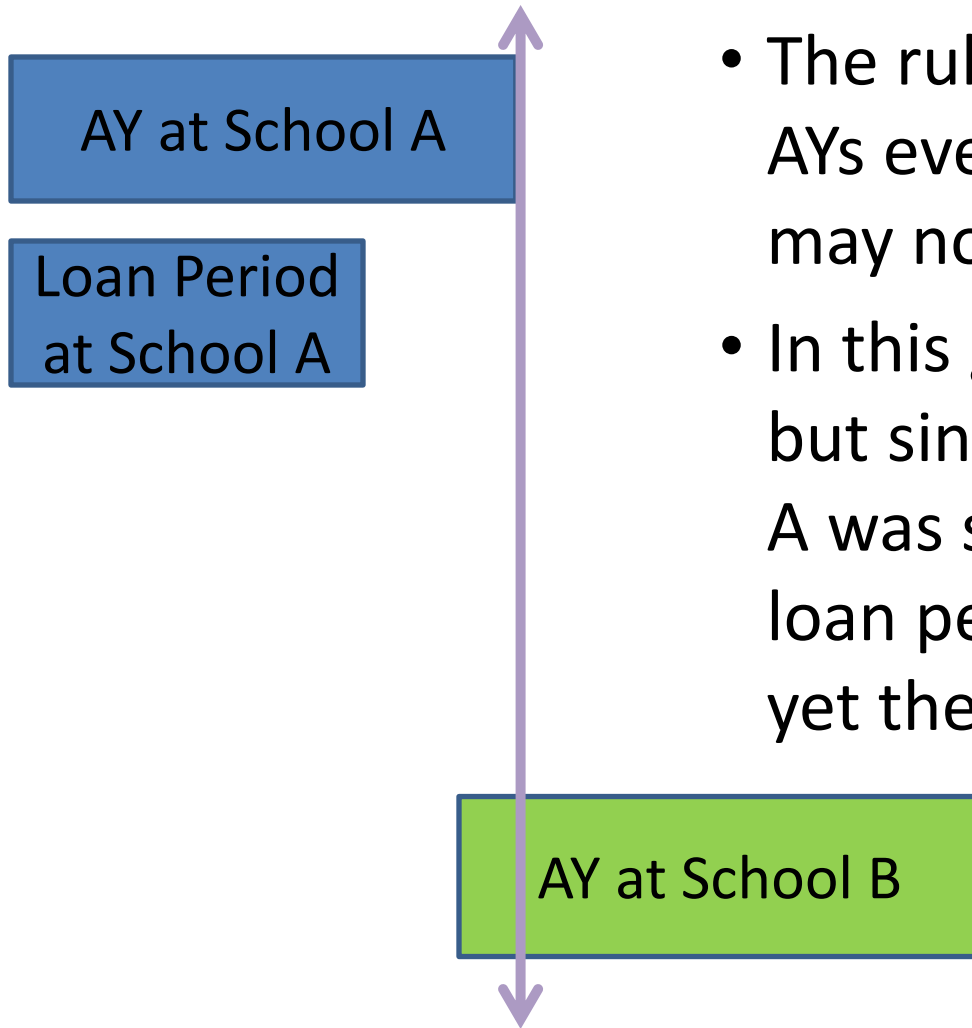
$\$2,000 \times 300 / 900 = \667 Unsub

Frequency of Annual Loan Limits

Example

- 1800 clock hour/60 week program
- 900 clock hour/30 week academic year
- Full-time defined as 30 clock hours per week
- Student completes 900 hours in 25 weeks
- Student not eligible for new annual loan limit until 30 weeks have elapsed
 - Student will have completed 1,080 hours
- Second loan is prorated (2nd year student)
 - $720/900 \times \$4,500 = \$3,600$

Overlapping Academic Years



- The rules apply to overlapping AYs even when the loan periods may not overlap
- In this graphic, the AYs overlap but since the program at School A was shorter than an AY, the loan period is shorter than an AY, yet the AYs still overlap

Overlapping Academic Years

(Clock Hours Accepted in Transfer)

- Student transfers from School A to School B
- The program at School B is a clock hour program
- School B accepts some amount of clock hours in transfer that are applicable to the program being pursued





Overlapping Academic Years

(Clock Hours Accepted in Transfer)

- First loan period at School B will start with student's attendance at School B and will end when School A's academic year would have ended if student did not transfer
- School B can obtain documentation from School A showing the start and end of the academic year

OR

- School B can check NSLDS for beginning of loan period at School A and assume academic year will end 30 weeks later
 - If a loan period is documented as longer than 30 weeks, by School A or NSLDS, School B must consider that longer period to be School A's academic year



Overlapping Academic Years – Clock Hours Accepted in Transfer

- For this abbreviated loan period, the first at School B, the student may borrow up to the amount of the annual loan limit at School B minus any amounts received at School A
- The amount for this abbreviated loan period must be disbursed in two disbursements unless exempt due to low CDRs
- If the student used 100% of her DL annual loan limit at School A, there will be no DL funds available for this abbreviated first loan period at School B



Overlapping Academic Years

(Clock Hours Accepted in Transfer)

- For DL purposes, the student's first full academic year at School B commences the day after School A's academic year ends
- The corresponding loan period will be either:

BBAY

or

The remainder of the program at School B, if less than one academic year as defined by School B

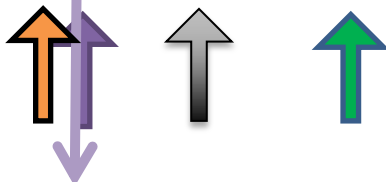
Overlapping Academic Years – (Clock Hours Accepted in Transfer)

AY/Loan Period at
School A



Student withdraws from
School A

Loan Period
#1 at
School B



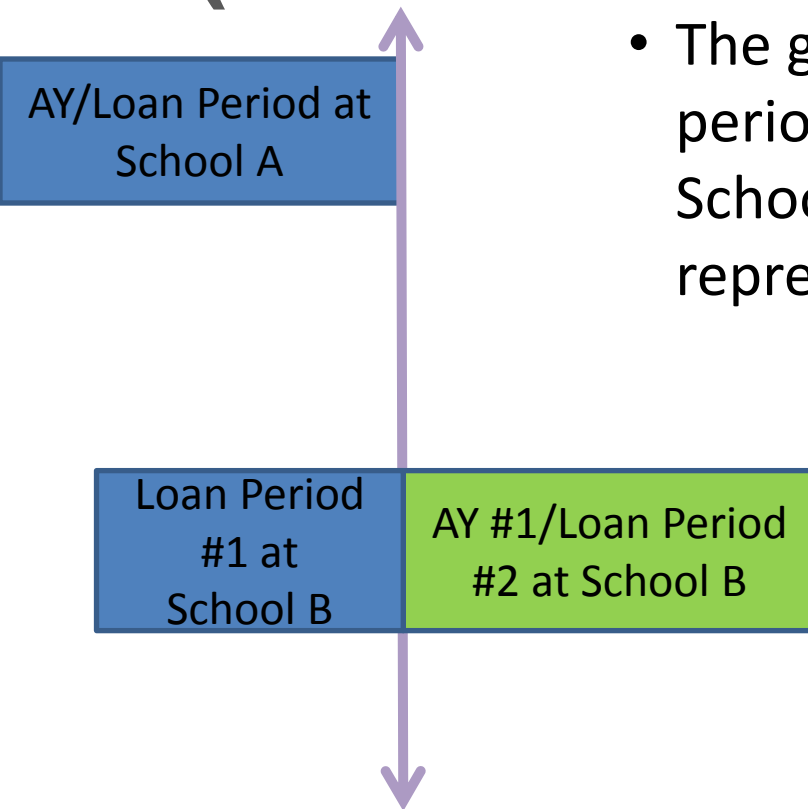
Loan period ends when it would have
ended at School A

- The first loan period at School B will begin when student begins School B - **Purple Arrow**
- The first loan period at School B will end when it would have ended at School A - **Green Arrow**
- For this loan period, student may borrow remaining dollars in annual loan limit not borrowed at School A
- Loan must be disbursed in two disbursements*

* Certain schools with CDRs < 15% may make a single disbursement for loan periods of 4 months or less

Overlapping Academic Years

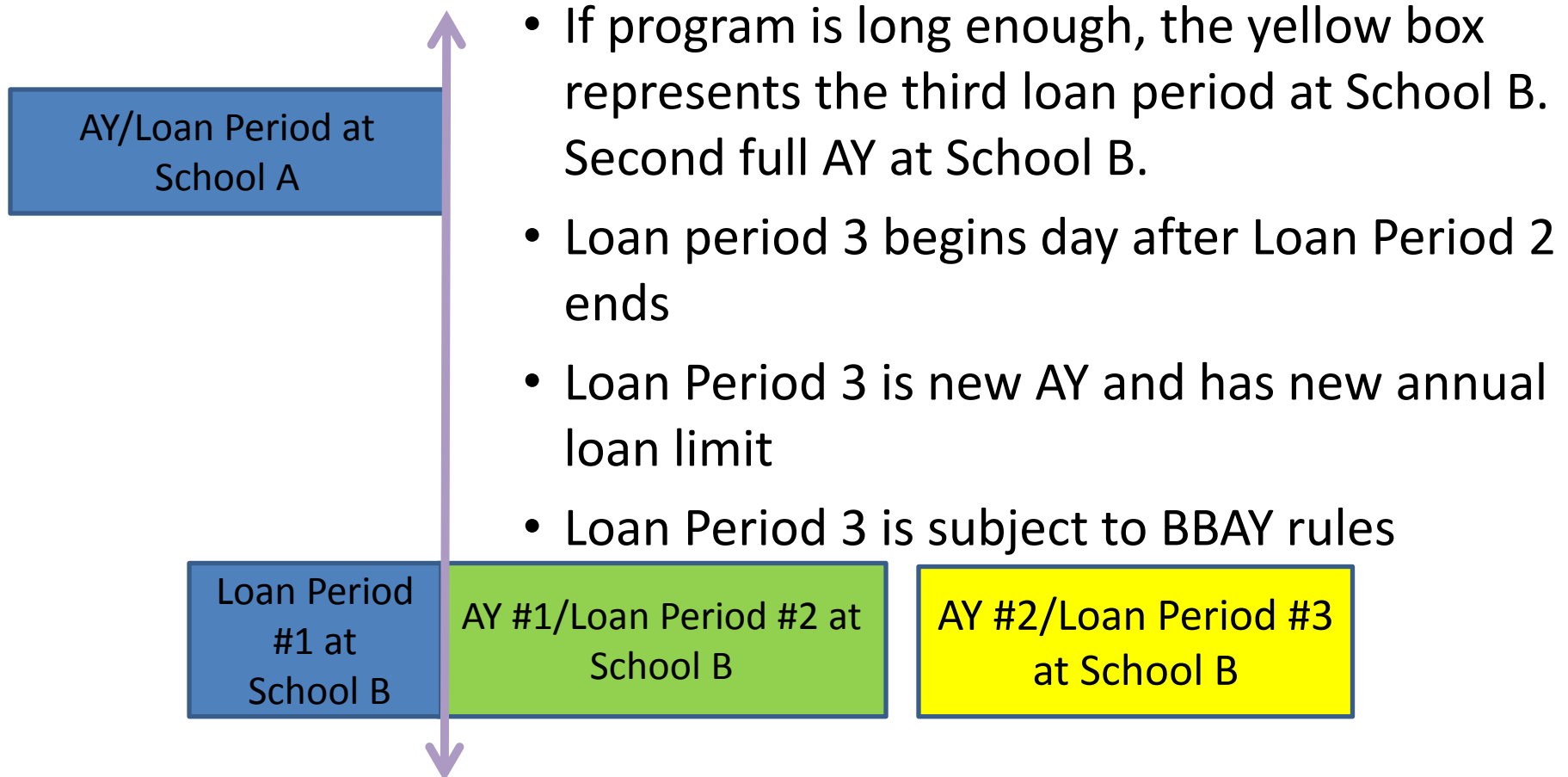
(Clock Hours Accepted in Transfer)



- The green box represents the second loan period at School B which is the first full AY at School B. The first loan period at School B represented the remaining AY from School A
 - Loan period 2 begins day after Loan Period 1 ends
 - Loan Period 2, since it is a new AY, has a new annual loan limit
 - Loan Period 2 is subject to BBAY rules

Students must successfully complete both clock hours & weeks of instruction to reach point where second disbursement can be made and point where the loan period will end

Overlapping Academic Years (Clock Hours Accepted in Transfer)



Overlapping Academic Years – (Clock Hours Accepted in Transfer)

AY/Loan Period at
School A

- Structuring loan periods in this way for transfer students make it impossible to line up DL disbursements with other TIV disbursements
- Payment periods for other Title IV programs use same definition of an AY used for DL but time period start when student starts School B

Loan Period
#1 at
School B

AY #1/Loan Period #2 at
School B

AY #2/Loan Period #3
at School B

AY #1 for other Title IV
programs at School B

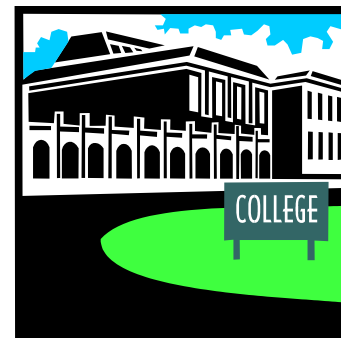
AY #2 for other Title IV
programs at School B


AY #3 for other Title IV
programs at School B

Overlapping Academic Years

(No Clock Hours Accepted in Transfer)

- Student transfers from School A to School B
- The program at School B is a clock hour program
- School B accepts zero clock hours in transfer






Overlapping Academic Years

(No Clock Hours Accepted in Transfer)

- Student's loan period at School B must comply with the allowable loan period minimums
 - Usually the Title IV defined AY
- OR**
- The length of the program if less than AY

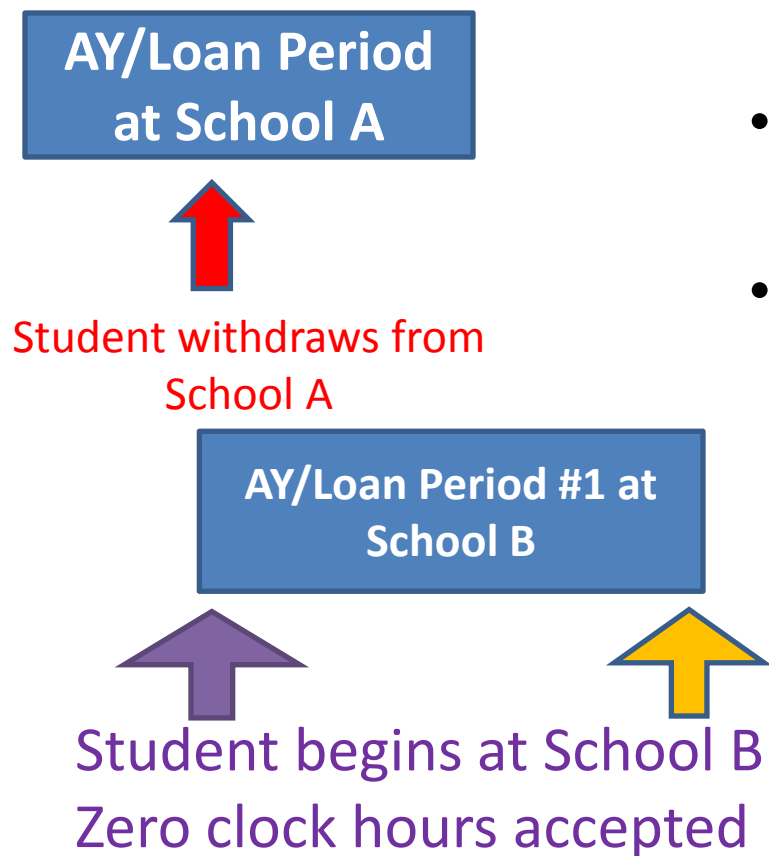


Overlapping Academic Years

(No Clock Hours Accepted in Transfer)

- Student's loan limit for the first loan period at School B is whatever amount remains in the annual loan limit after subtracting what was borrowed at School A
- This may mean that there are no dollars left in the annual limit if 100% had been borrowed, and not returned, at School A

Overlapping Academic Years (No Clock Hours Accepted in Transfer)



- Loan Period #1 at School B begins when the student begins, see **purple arrow**
- Loan Period #1 at School B ends when BBAY ends at School B, **see yellow arrow**
- Loan Period #1 at School B, student may borrow amount equal to annual loan limit minus dollars borrowed at School A, disbursed in two disbursements*

*Certain schools with CDRs < 15% may make a single disbursement for loan periods of 4 months or less

Overlapping Academic Years

(No Clock Hours Accepted in Transfer)

AY/Loan Period
at School A



Student withdraws
from School A



AY/Loan Period #1
at School B



AY/Loan Period
#2 at School B

- Loan Period #1 at School B begins when student begins, see **purple arrow**
- Loan Period #1 at School B ends when BBAY ends at School B, see **yellow arrow**
- Loan Period #1 at School B, student may borrow amount equal to annual loan limit minus dollars borrowed at School A, disbursed in two disbursements*
 - Assuming there is a second loan period, student may borrow again at full annual loan limit (or prorated limit, if applicable) when AY/Loan Period #2 at School B begins, **see blue arrow**

Student begins at School B
Zero clock hours accepted

*Certain schools with CDRs < 15% may make a single disbursement for loan periods of 4 months or less



Frequency of Annual Loan Limits & New Program

- Student completes one program of study and begins new program of study at same school and has overlapping academic year
- New loan period is remaining portion of first program's academic year in weeks
- Student eligible for remaining amount of annual loan limit

Direct Loan Disbursement

- Disbursement is by payment period
 - First disbursement may be no earlier than 10 days before beginning of payment period
 - Second disbursement is at later of
 - Successful completion of half of clock hours in loan period or
 - Half of weeks of instructional time in loan period have elapsed

Other Title IV Issues & Clock Hours



SAP and Clock Hours

- When is SAP measured?
 - At least once per year and that measurement must occur at the end of a payment period
 - To use the “warning” option, SAP must be measured at the end of each payment period

What is the Payment Period for SAP?

For SAP purposes only, the payment period ends:

- At the point when the student's scheduled clock hours for the payment period have elapsed, regardless of whether the student attended them; or
- At the point when the student has attended the scheduled clock hours; or
- At the point when the student successfully completes the scheduled clock hours for that payment period

Option must be specified in the school's SAP policy

Re-entry Within 180 Days

- Withdrawn student re-enters same program of study *within* 180 days
- Remains in same payment period
- Eligibility for funding is same as before withdrawal
- Undo any R2T4



Re-entry After 180 Days

- Withdrawn student transfers into same or new program at any institution *after* 180 days
- For determination of payment periods, length of program is number of clock hours and weeks remaining upon return
 - If clock hours and weeks are less than half of academic year, treat as one payment period

Prior Year Charges

- What is a “year” for Prior Year Charges (PYC)?
 - For all Title IV programs, except Direct Loan, the year is the Title IV Award Year
 - For Direct Loan, the year is the loan period, regardless of actual length
- For student with no Direct Loan in package, the award year is used for PYC purposes
- For student with Direct Loan in package, the loan period is used for PYC purposes
 - Applies to ALL Title IV for that student, not just Direct Loan

Prior Year Charges - Example

- Student's Title IV aid is only Pell Grant
- Student owes institutional charges from first payment period
- Pell for first and second payment periods paid from same award year, 2011-12
 - First payment period charges are within Current Year
 - Second payment period's Pell may pay first period charges. There are no Prior Year Charges

450 hours/13 weeks
Nov to Feb
\$2,775

450 hours/13 weeks
March to June
\$2,775

2011-12 Award Year

Prior Year Charges - Example

- Student's Title IV aid is only Pell Grant
- Student owes institutional charges from second payment period
- Pell for third payment period is paid from 2012-13
 - Second payment period charges are Prior Year Charges
 - Maximum carry back is \$200

450 hours/13 weeks
Nov to Feb
\$2,775

450 hours/13 weeks
March to June
\$2,775

450 hours/13 weeks
July to Oct
\$2,775

2011-12 Award Year

2012-13

Award Year

Prior Year Charges - Example

- Student's Title IV aid is only Pell Grant
- Student owes institutional charges from first payment period
- If second disbursement paid from 2011-12, its Current Year
- If second disbursement paid from 2012-13, its Prior Year

450 hours/13 weeks
Feb to May
\$2,775

2011-12 Award Year

450 hours/13 weeks
May to Aug
\$2,775

2011-12 or 2012-13
Award Year

Prior Year Charges - Example

- Student's Title IV aid is Pell Grant and Direct Loan
- Student owes institutional charges from first payment period
- Cross-over Pell paid from 2012-2013 award year
- Direct Loan eligibility calculated using 2011-2012 ISIR
- Current year determined by loan period
 - Entire 900 hours is Current Year
 - No Prior Year Charges

Pell Grant 450 hours/13 weeks Feb to May 2011-12 Award Year	Pell Grant 450 hours/13 weeks May to Aug 2012-13 Award Year
Direct Loan Period 900 hours/26 weeks, Feb to Aug 2011-12 Award Year	

Prior Year Charges - Example

- Student's Title IV aid is Pell Grant and Direct Loan
- Student owes institutional charges from 2nd PP (April to June)
- Cross-over Pell paid from 2012-13 award year
- Direct Loan eligibility determined using 2012-13 ISIR
- Current year determined by loan period
 - Second payment period charges are Prior Year Charges
 - Maximum carry back is \$200

Pell Grant
450 hours/13 weeks
January to April
2011-12 Award Year

Pell Grant
450 hours/13 weeks
April to June
2011-12 Award Year

Pell Grant
450 hours/13 weeks
June to Sept
2012-13 Award Year

Direct Loan Period
450 hours/13 weeks,
June to Sept
2012-13 Award Year



Thank you
for joining us
today!